

## Message Text

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64

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 ADP-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 IO-13 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08

SCEM-02 INT-08 OEP-01 DODE-00 PM-07 H-02 L-03 NSC-10

PA-03 PRS-01 SS-15 USIA-12 OIC-04 RSR-01 /205 W

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R 221715 Z JUN 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5393

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMZMBASSY CANBERRA 228

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS

C O N F I D E N T I A L EC BRUSSELS 3472

E. O. 11652: GDS

TAGS: ENRG, EEC, OECD

SUBJECT: CURRENT EC ENERGY DEVELOPMENTS

REF: A) OECD PARIS 16689 ( NOTAL); B) BONN 8767

1. AT A MEETING WITH DEPARTMENT ( EUR/ RPE - TARRANT) AND MISSION  
OFFICERS ON JUNE 21, GEORGES BRONDEL, DIRECTOR FOR HYDROCARBONS  
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IN THE EC COMMISSION, REVIEWED THE CURRENT STATUS OF THE COMMUNITY' S ACTIVITIES ON A NUMBER OF ENERGY MATTERS. BRONDEL SAID HE WILL BE THE EC COMMISSION PARTICIPANT IN THE OECD OIL COMMITTEE' S HIGH LEVEL GROUP WORKING PARTY WHICH WAS ESTABLISHED TO DEVELOP AN OIL APPORTIONMENT SCHEME FOR EMERGENCIES ( SEE REFTEL A). HE HOPES TO HAVE THE OPPORTUNITY TO CALL ON VARIOUS DEPARTMENT OFFICERS WHEN HE IS IN WASHINGTON TO ATTEND THE MEETING OF THE END OF AUGUST.

2. THE EC IS TENTATIVELY PLANNING TO HAVE ANOTHER ENERGY COUNCIL IN NOVEMBER. LOOKING BACK, BRONDEL SAID THE MAY 22 ENERGY COUNCIL HAD HAD POSITIVE AND NEGATIVE RESULTS- IT HAD INITIATED MEMBER STATE THINING ABOUT THE NEED FOR COMMON POLICIES BUT IT HAD FAILED TO GAIN COUNCIL APPROVAL OF THE COMMISSION' S WORKING PAPER ON A COMMON ENERGY POLICY. WORK IS NOW PROCCEEDING WITHIN THE COMMISSION ON THE SEVEN ENEERGY PAPERS WHICH THE COMMISSION UNDERTOOK TO PREPARE AT THE MAY 22 MEETING. IN THAT CONNECTION, BRONDEL STATED THAT THE COMMISSION' S PRESENT THINKING IS THAT IS PAPER REGARDING THE ORGANIZATION OF THE COMMUNITY PETROLEUM MARKET WILL NOT INCLUDE ANY REFERENCE TO " APPROVED COMPANIES". HOWEVER, HE LATER STATED THAT THE COMMISSION STILL IS AGREED UPON THE NEED FOR CLOSE " CONCERTATION" BETWEEN THE OIL COMPANIES AND PUBLIC AUTHORITIES.

3. BRONDEL DISCUSSED WITH US THE JUNE 18 ANNOUNCEMENT OF FRG INTENTIONS TO TAKE A GREATER GOVERNMENTAL PART IN THE FORMATION OF A GERMAN OIL COMPANY ( SEE REFTEL B). HE SAID THE FRG DECISION CONSTITUTES ADOPTION OF A NEW ALTERNATIVE IN ITS ATTEMPTS TO REALIZE A LONG- STANDING INTENTION ON ITS PART TO DIVERSITY GERMAN OIL SUPPLIES- AN EARLIER ALTERNATIVE INVOLVING FINANCIAL INCENTIVES HAVING BEEN UNSUCCESSFUL. HE PREDICTED THAT THE SHARE OF THE GERMAN MARKET WHICH THE NEW COMPANY WOULD HAVE WOULD BE LESS THAN 15 PERCENT. ONE OF THE PRIMARY PURPOSES OF ORGANIZING SUCH A COMPANY AT THIS TIME IS THAT IT WILL ACT AS THE ORGANIZATION WHICH WILL PURCHASE REFINED PETROLEUM PRODUCTS FROM THE NEW REFINERY TO BE CONSTRUCTED IN IRAN UNDER THE RE- CENTLY CONCLUDED AGREEMENT BETWEEN THE FRG AND IRAN.

4. BRONDEL CONCLUDED BY REMARKING THAT CONVERSATIONS DURING SIMONET' S VISIT TO WASHINGTON, THE OECD MEETINGS, AND VISITS OF U. S. OFFICIALS TO BRUSSELS HAVE BEEN VERY HELPFUL IN GAINING CONFIDENTIAL

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MUTUAL UNDERSTANDING OF EACH OTHER' S VIEWS REGARDING ENERGY. HE SAID THAT MOST COMMUNITY OFFICILA NOW HAVE A BROAD UNDERSTANDING OF THE U. S. ENERGY SITUATION, ALTHOUGH SOME SUSPICION REMAINS OF U. S. MOTIVES. HE SAID THIS SUSPICION CAN BE TYPIFIED BY THE QUESTION WHICH HE STILL HEARS FROM TIME TO TIME FROM HIS COLLEAGUES: WHY IS THE U. S. INTERESTED IN INTERNATIONAL COOPER-

TION WHICH, AMONG OTHER THINGS, WOULD BE DIRECTED AT STABILIZING  
PRICES WHEN HIGHER PRICES WOULD ENCOURAGE MORE RAPID DEVELOPMENT  
OR INDIGENOUS U. S. ENERGY RESOURCES? GREENWALD

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NNNNMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 JUN 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973ECBRU03472  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GDS  
**Errors:** n/a  
**Film Number:** n/a  
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**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 73 OECD PARIS 16689, 73 BONN 8767  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09-Aug-2001 by shawdg>; APPROVED <13-Sep-2001 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 980224  
**Subject:** CURRENT EC ENERGY DEVELOPMENTS  
**TAGS:** ENRG, EEC, OECD  
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BONN  
BRUSSELS  
COPENHAGEN  
EUR  
LONDON  
LUXEMBOURG

OSLO  
SECSTATE WASHDC

**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005